PERFORMANCE MANAGEMENT FRAMEWORK POLICY

THABA CHWEU LOCAL MUNICIPALITY

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1. ABREVIATIONS AND ACRONYMS

CCRs : Core Competency Requirements
DPLG : Department of Provincial and Local Government
EXCO : Executive Committee
GKPIs : General Key Performance Indicators
HOD : Head of Department
IDP : Integrated Development Plan
KFA : Key Focus Area
KPA : Key Performance Area
KPI : Key Performance Indicator
MEC : Member of the Executive Council
MFMA : Municipal Finance Management Act
MSA : Municipal Systems Act
PDP : Personal Development Plan
PES : Performance Evaluation System
PMS : Performance Management System
PP : Performance Plan
SBU : Strategic Business Unit
SDBIP : Service Delivery and Budget Implementation Plan

2. INTRODUCTION

This document contains the framework which will serve as the guiding policy for performance management for Thaba Chweu Local Municipality. The serves to outlines the processes of how the municipality will undertake in planning, development and implementation of a performance management system (PMS), together with the detailed key performance areas and key performance indicators, the corresponding targets and timelines. Important aspects of the municipality's performance planning, monitoring, measurement, review, reporting and auditing, including the roles of different role-players, are addressed. In practical terms this framework outlines the institution's policy regarding:

- The legal requirements that the performance management system will fulfil;
- the guiding principles that should inform the planning, monitoring, reporting, auditing and reviewing of performance of municipal officials; departments (services) and that of the whole municipal organisation;
- the process to be followed in order to make the system work and to facilitate effective delegation of responsibilities to the different role-players in the municipality's performance management process;
- an approach or a model that describes which areas of performance will be managed and which mechanisms will be used to report and review performance; and
- a programme of action for the development and implementation of the performance management system.

3. STRUCTURE OF THE POLICY FRAMEWORK

This policy framework is divided into the following sections:

3.1. Background: Legislative And Regulations Context

This section highlights the key legislation and policy directives in which the Performance Management Policy Framework for Thaba Chweu Local Municipality is developed. These are the White Paper on Local Government (1998), Municipal Systems Act (Act no. 32 of 2000), Municipal Finance Management Act (2003), the Municipal Planning and Performance Management Regulations (2001) and the Municipal Performance Regulations for Municipal Managers (2006).

3.2. Performance Management System Process Set-Up

The necessary institutional structures and arrangements required to start the development and implementation of performance management in Thaba Chweu Local Municipality, are outlined in this section. It includes the delegation of responsibilities, roles and responsibilities of role players and stakeholders, the municipality's internal structure and the need to institute a change management process during implementation of performance management.

3.3. Developing the Performance Management System

This section outlines how the performance management system with its key components will be developed. The municipality identifies internal and external stakeholders for the system, the structures that will support stakeholder participation, the performance management model the municipality will use, as well as how the system will be published and adopted by Council.

3.4. Implementing the Performance Management System

The approach to be used in the identification of priority issues, the development of strategic objectives, the development of performance measures, the setting of performance targets, review of performance measures and targets, the development of a monitoring framework (measuring performance) and how the performance management model will be used as a monitoring framework are all issues to be covered in this section.

3.5. Performance Management Monitoring And Review

This section seeks to highlight key processes for performance management system monitoring and review. The section covers the following planning cycle of the performance management system, implementation and review of the system, institutional review mechanism, the approach to performance management review, improving performance, reporting on performance, publication of performance reports, public feedback and hearings and using a performance audits mechanism.

3.6. Individual or Employee Performance Management

The framework will guide how the municipality and the human resource performance management will be aligned. Therefore, this section covers aspects of the relationship between organisational and employee performance management as promulgated in the performance regulations for Municipal Managers. It outlines three key aspects of individual or employee performance management, namely planning, implementation and monitoring and performance management for senior managers – performance agreements, performance plans, personal development plans, core competency requirements, performance bonus, performance reviews, performance evaluation system, and management of evaluation outcomes.

3.7. The Principles Governing The Performance Management System of Thaba Chweu Local Municipality, Are The Following

- Simplicity
- Political Acceptance
- Implementable
- Transparency and Accountability
- Efficiency and Sustainability
- Stakeholder Participation
- Integration
- Objectivity

4. LEGISLATIVE AND REGULATIONS CONTEXT

Several pieces of legislation are applicable on performance management within local government. These pieces of legislation will be discussed in brief in the following section of the document.

4.1. White Paper on Local Government (1998)

The White Paper on Local Government (1998) states that integrated development planning, budgeting and performance management are powerful tools which can assist municipalities to

develop an integrated perspective on development in their area. These tools enable a municipality to focus on priorities within an increasingly complex operating environment and diverse set of demands, and to direct resource allocations and institutional systems to a new set of development objectives.

The White Paper on Local Government proposed a Performance Management System (PMS) as an essential tool that would enable municipalities to:

(a) Set clear and measurable indicators for development priorities objectives and projects identified in and during the integrated development planning process;
(b) Regularly monitor and review implementation of projects contained in the Integrated Development Plan (IDP);
(c) Regularly report on performance to the community and other stakeholders; and
(d) Define processes for performance improvement.

4.2. Municipal Systems Act, 2000

The Local Government: Municipal Systems Act, 2000 as Amended, requires municipalities to:

(a) Promote a culture of performance management among their political structures, political office bearers, councillors and administration;
(b) Administer their affairs in an economic, effective, efficient and sustainable manner;
(c) Establish mechanisms to monitor and review its performance management system;
(d) Set appropriate key performance indicators as a yard stick for measuring performance, including outcomes and impact;
(e) Set measurable targets with regard to each of those development priorities and objectives identified in the Integrated Development Plan (IDP);
(f) Establish processes and systems to correct organizational underperformance;
(g) Establish a process of regular reporting to – council, other political structures, political office bearers, members of staff, communities and appropriate organs of state;
(h) Subject the results of performance measurements to auditing processes conducted by the internal audit unit and the office of the Auditor General; and
(i) Prepare an annual report for each financial year reflecting on – municipal / service provider's performance, development and service delivery priorities for the next financial year and measures taken / to be taken to improve performance.

4.3. Local Government: Municipal Planning And Performance Management Regulations (2001)

The Minister responsible for local government prescribed the General Key Performance Indicators (GKPIs) through regulations. Municipalities are required to annually report on these GKPIs. These indicators focus on the following Key Performance Areas:

(a) Basic Service Delivery and Infrastructure Development;

(b) Local Economic Development (LED) ;
(c) Municipal Institutional Development and Transformation;
(d) Municipal Financial Viability and Management
(e) Good Governance and Public Participation.

4.4. Municipal Performance Regulations For Municipal Managers, 2006

Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006

In order to ensure that institutional performance is properly linked to individual performance, the Minister responsible for Local Government published the Local Government: Municipal Performance Regulations for Section 57 Managers. These regulations seek to:

(a) Provide a uniform framework for governing the relationship between the employee and the employer;
(b) Entrench a culture of improved performance;
(c) Set uniform standards to monitor and improve municipal performance;
(d) Provide principles for managing and rewarding performance; and
(e) Proactively identify performance barriers and provide targeted support.

4.5. Municipal Finance Management Act, 2003

The accounting officer of a municipality must, by 25 January of each year –

(a) assess the performance of the municipality during the first half of the financial year taking into account:

I. the municipality's service delivery performance during the first half of the financial year, and service delivery targets and performance indicators set in the service delivery and budget implementation plan;
II. the past year's annual report and progress on resolving problems identified in the annual report.

(b) Submit a report on such assessment to the mayor of the municipality; the national treasury and relevant provincial treasury.

4.6. Batho Pele (1998)

The White Paper in Transforming public Service Delivery (Batho Pele) puts forward eight principles for good public service, to which all municipalities are bound. These principles are the following:

(a) Consultation

Citizens should be consulted about the level and quality of public service they receive, and, where possible, should be given a choice about the services which are provided.

(b) Service standards

Citizens should know what standard of service to expect.

(c) Access

All citizens should have equal access to the services to which they are entitled.

(d) Courtesy

Citizens should be treated with courtesy and consideration.

(e) Information

Citizens should be given full and accurate information about the public services they are entitled to receive.

(f) Openness and transparency

Citizens should know how departments are run, how resources are spent and who is in charge of particular services.

(g) Redress

If the promised standard of service is not delivered, citizens should be offered and apology, a full explanation and a speedy and effective remedy; and when complaints are made communities should receive a sympathetic, positive response.

(h) Value for money

Public services should be provided economically and efficiently in order to give communities the best possible value for money.

The development of a service-oriented culture required the active participation of all stakeholders.

Constant feedback is required from service users if operations and processes are to be improved.

The intention therefore is to promote a service culture.

5. PERFORMANCE MANAGEMENT SYSTEM PROCESS SET-UP

The following objectives will be achieved through the Performance Management System:

- To create a culture of best practice and encourage shared learning among the officials within the municipality and other local and district municipalities;
- Assist in clarifying the roles and responsibilities of Council, the Mayoral Committee, other committees, officials and other stakeholders;
- To contribute to the overall improvement of the council's governing systems;
- To deepen democracy and good governance within the municipality's organisational sphere of influence by involving communities;
- To guide decision-making and the allocation of municipal resources;
- To promote accountability and help develop meaningful intervention mechanisms; and
- To guide change within the municipality.

5.1. Delegation of Responsibilities

The Local Government: Municipal Systems Act (2000) places the responsibility of developing and implementing a performance management system on the Executive Mayor. The Systems Act allows the Executive Mayor to delegate the responsibility of developing and implementing a performance management system on the Municipal Manager, as the head of the administration.

In developing and implementing the municipal Performance Management System of the municipality, the municipal manager shall establish a structure that will:

(a) Communicate and raise the awareness and significance of developing and implementing a PMS in the municipality;
(b) Ensure understanding and gain buy-in amongst all the stakeholders in the municipality; and
(c) Ensure coordination in the development, implementation and maintenance of the municipal PMS.

5.2. Role Players and Stakeholders

The following table shows the role players and stakeholders who will play a significant contribution in the management of the Performance Management System. It also outlines key processes, responsible persons and periods that this municipality will follow in managing its performance.

Table 4.1. Role Players and Stakeholders

PROCESS	STRUCTURES FOR CONSULTATION	RESPONSIBLE PERSONS	TARGET DATE
Performance Planning	▪ IDP Structures ▪ PMS Task Team ▪ Mayoral Committee ▪ Executive Management ▪ Organised Labour	▪ Municipal Manager ▪ PMS Manager (How is the PMS structure in TCLM) ▪ Ward Councillor	During the development or review of the IDP
Performance Measuring	▪ IDP Structures ▪ PMS Task Team ▪ Mayoral Committee ▪ Executive Management ▪ Organised Labour	▪ Municipal Manager ▪ PMS Manager ▪ Ward Councillor	During the development or review of the IDP
Performance Monitoring	▪ IDP Structures ▪ PMS Task Team ▪ Mayoral Committee ▪ Executive Management ▪ Organised Labour	▪ Municipal Manager ▪ PMS Manager ▪ Ward Councillor	Continuously (How is the monitoring done)
Performance Reviewing	▪ Council ▪ PMS Task Team ▪ Performance Audit Committee ▪ Internal Audit Unit	▪ Municipal Manager ▪ PMS Manager Department of Local Government ▪ Auditor General	Quarterly i.e.: ▪ July – Sept. ▪ Oct. – Dec. ▪ Jan. – March ▪ April – June
Performance Reporting	▪ Council ▪ Performance Audit Committee ▪ Internal Audit Unit ▪ PMS Task Team	▪ Municipal Manager ▪ PMS Manager ▪ Department of Local Government ▪ Auditor General	Quarterly and annually: ▪ July – Sept. ▪ Oct. – Dec. ▪ Jan. – March ▪ April – June

5.3. Municipal Internal Structure

In view of the strategic nature of PMS and the fact that the responsibility of developing and implementing a PMS is delegated to the municipal manager, this function will be coordinated from the municipal manager's office. In this regard a PMS Manager or Coordinator will be appointed with the following responsibilities:

(a) Setup institutional arrangements, processes and systems for the development and implementation of institutional PMS;
(b) Develop a performance measurement framework for the municipality;
(c) Develop a monitoring framework for the municipality;
(d) Develop reporting framework for the municipality;
(e) Develop a performance review framework for the municipality; and

(f) Develop quarterly and annual reports for the municipality.

5.4. Change Management and Communication

When introducing a performance management system, it is crucial that officials and stakeholders are aware of and understand the need for performance management in the municipality. They must also understand the principles that will govern the development and use of the PMS in the municipality.

The municipal leadership will ensure that performance management establishes the accountability of the municipality to the citizens and communities, of the administration to the Council, of line functions to executive management and of employees to the organisation.

The municipality will develop and implement a communication strategy that raises the awareness and informs internal and external stakeholders on the objectives of Performance Management.

The municipality's change management plan will seek to:

- Make change happen by mobilising the organisation.
- Clarify and manage roles, responsibilities and expectations between the public and the municipality, between politicians and officials and among officials.
- Communicate these roles, responsibilities and expectations within the organisation and to the public.
- Deepen democracy by encouraging public participation through the communication of performance information and the creation of appropriate mechanisms to hold the council accountable in the periods between elections.
- Create a mechanism for efficient decision-making on the allocation of resources
- Introduce a diagnostic tool that indicates that the municipality is doing things right and doing the right things.
- Redefine if necessary the incentive structure by rewarding successes and alternatively identifying opportunities for growth, learning and development.
- Ensure that the process of developing the system will be inclusive, participatory, transparent, simple and realistic, fair and objective, developmental and non-punitive.

6. DEVELOPING THE PERFORMANCE MANAGEMENT SYSTEM

The system to be developed in this municipality focuses on both organisational and employee performance management. This stage outlines the approach within which the performance management system processes will occur. The PMS Manager and the PMS Task Team will plan how the process for developing the system will be managed within the framework of the aforementioned legislation.

6.1. Internal and External Stakeholders

The following stakeholders and institutional structures, with their roles and responsibilities, were identified as key players to facilitate the development of the municipal PMS.

Table 5.1. Stakeholder (Roles, Responsibilities and /Expectation)

STAKEHOLDER	ROLE, RESPONSIBILITIES AND/OR EXPECTATIONS
Minister of Provincial and Local Government	In terms of Section 48 of the Local Government : Municipal Systems Act, 2000 the Minister must: ▪ Annually compile and submit to Parliament and the MECs for local government a consolidated report of local government performance in respect of the General KPIs; ▪ Publish the report in the Government Gazette
MEC for Local Government	In terms of Section 47 of the Local Government: Municipal Systems Act, 2000: ▪ The MEC for local government must annually compile and submit to the provincial legislature and the Minister of DPLG a consolidated report on the performance of municipalities in the province; ▪ The MEC for local government must also publish the report in the Provincial Gazette and submit a copy of the report to the National Council of Provinces.
Auditor General	In terms of section 45(b) of the Local Government: Municipal Systems Act, 2000 the AG must annually audit the results of performance measurements in terms of section 41(1)(c) of the Act.
Executive Mayor and Mayoral Committee	▪ Play the leading role in giving strategic direction and developing strategies and policies for the organisation ▪ Manage the development of the PMS ▪ Identify indicators and set targets ▪ Communicate the plan to other stakeholders ▪ Monitor municipal performance ▪ Commission audits of performance where necessary ▪ Conduct the major reviews of municipal performance, determining where goals have or have not been met, what the causal reasons are and to adopt response strategies
Standing / Portfolio Committees	▪ Facilitate the development of a long term vision ▪ Develop strategies to achieve vision ▪ Identify priorities ▪ Adopt indicators and set targets ▪ Monitor municipal performance ▪ Review municipal performance for major reviews such as the annual review ▪ Review the performance of the executive committee
Municipality Management:	▪ Provide strategic direction and develop strategies and policies for the municipality ▪ Manage the development of the IDP ▪ Identify realistic indicators and set targets

(Municipal Manager; Executive Managers and Line Managers)	▪ Communicate with stakeholders ▪ Manage the implementation of the IDP & PMS ▪ Regularly monitor the implementation of the IDP & PMS ▪ Measure performance against agreed indicators & targets ▪ Propose response strategies to EXCO or council ▪ Conduct reviews of team performance against plan
Stakeholders: (Citizens and Communities includes: Civic Organisations; Non-Governmental Organisations or NGOs; Businesses; Community Based Organisations)	▪ Consultation on needs and priority issues, as contained in their respective IDPs ▪ Consultation in the development of the long term vision for the municipality ▪ Influence the choice of indicators and setting of targets ▪ Monitor and "audit "performance against commitments ▪ Consultation during the review of municipal performance and suggest new indicators and targets
Employees	▪ Align personal goals and plan with the organisational plan ▪ Implement the IDP & PMS and achieve the personal plan ▪ Monitor own performance continuously ▪ Participate in review of own performance ▪ Participate in the review of organisational performance
Organised Labour	▪ Contribute to the strategic direction and developing of long-term vision for the municipality ▪ Contribute to the development of the IDP ▪ Monitor and audit the performance of the organisation, especially from a labour perspective ▪ Participate in the public review of municipal performance
Performance Audit Committee	▪ Must review quarterly reports ▪ Review and recommend on the municipality's PMS ▪ Submit an audit report to the Council at least twice year
Contracted Partners: (Entities, Government Institutions, Parastatals, Service Providers)	▪ Review the KPIs set which for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement

6.2. Structures for Stakeholder Participation

In order for the municipality to ensure meaningful participation of all stakeholders in the development of PMS consistent with the legislation, the municipality will be utilising the following performance management structures:

- IDP Steering Committee
- IDP Representative Forum
- Media

6.3. Performance Management Model

The municipality decided to adopt the Balanced Scorecard as its performance management model. The Balanced Scorecard has proved to the most popular performance and strategic management tool used by both public and private organisations. The benefits of implementing the Balanced Scorecard are that it brings strategic focus and direction to the organisation, improves governance and accountability, promotes alignment and transparency, and improves management effectiveness.

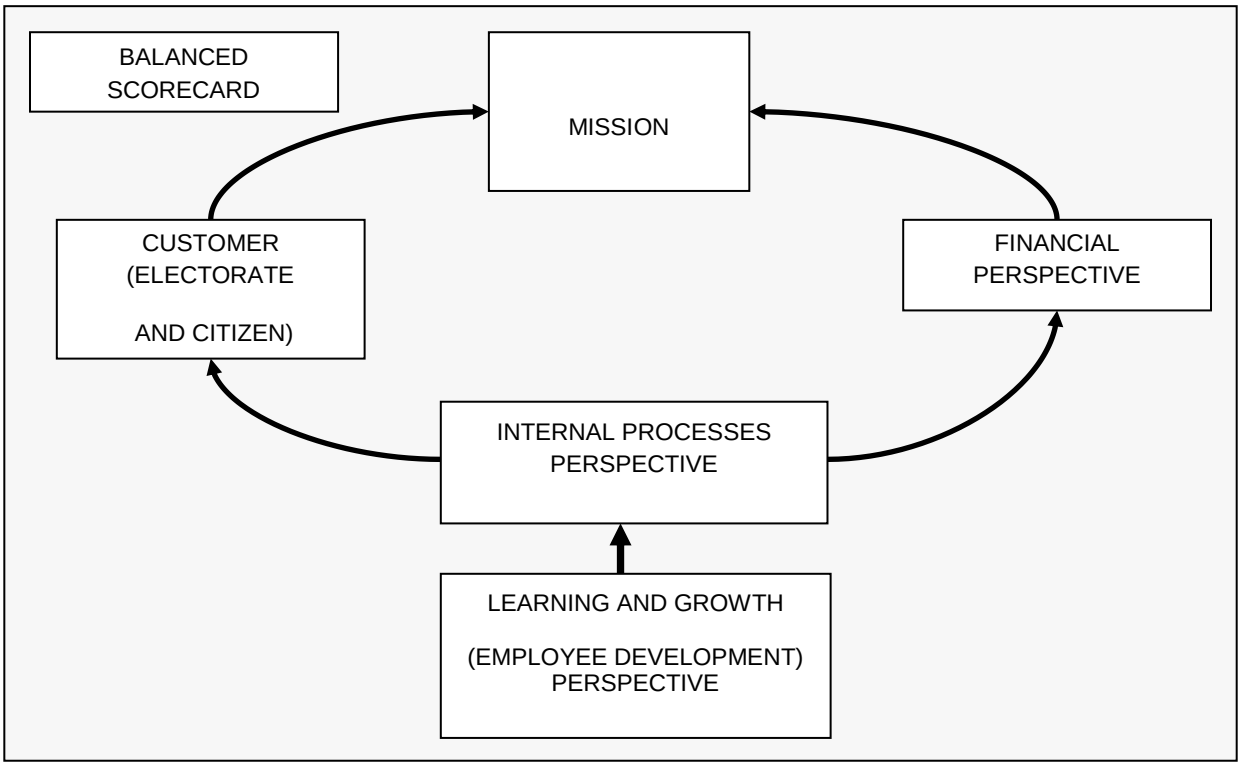
An institutional Balanced Scorecard will be designed according to the service delivery indicators and perspectives of the IDP. The institutional Balanced Scorecard will be cascaded to all levels of the municipality (top, functional and operational management). The objectives of cascading the Balanced Scorecard are to achieve synergy across the municipality, maximise internal business process efficiencies (e.g. supply chain, information technology, human resources, etc), and maximise efficient allocation of resources (financial and human) across the municipality.

The design approach of the Balanced Scorecard will be customised to meet the needs of the municipality. With an emphasis on the “balanced” the Municipal Scorecard will be customised to follow the traditional design approach promulgated by Kaplan and Norton, Financial, Customer, Internal Processes and Learning & Growth.

The perspectives of the scorecard will therefore be the following:

- Customer (Electorate and Citizens) Perspective – Managers must know if the municipality is meeting the electorate’s needs. This relates to services and products (outputs) the municipality should achieve. They must determine the answer to the question: Is the municipality delivering the services the electorate wants?
- Financial Perspective – Managers must focus on how to meet service delivery needs in an economic, efficient and effective manner. They must answer the question: Is the service delivered at a good price?
- Internal Processes Perspective – Managers need to focus on those critical operations that enable them to satisfy the electorate and citizens. Managers must answer the question: Can the municipality improve upon a service by changing the way a service is delivered?
- Learning and Growth (Employee Development) Perspective – An organization’s ability to improve and meet citizen demands ties directly to the employees’ ability to meet those demands. Managers must answer the question: Is the municipality maintaining technology and employee training for continuous improvement?

Figure 5.3 Balancing of Score Cards



Institutional Balanced Scorecard

The Institutional Balanced Scorecard will provide an overall picture of performance for the municipality as a whole, reflecting performance on its strategic (IDP) priorities. The Municipal Manager and HODs will use it after review, as a basis for reporting to the Executive Committee, Council, and the Public.

(a) Departmental Balanced Scorecards

Departmental Balanced Scorecards will capture the performance of each department and will provide a comprehensive picture of the performance at that level. Departmental Balanced Scorecards will be comprised of the key components highlighted in the customised municipal Balanced Scorecard.

(b) Unit and Individual Scorecards

Scorecards will be drafted on business unit and individual level as implementation of the system for Employee Performance Management.

6.4. Publication of the System

Following the development of the performance management system the municipality will publish the draft system in the local media for public comment for a period of 30 days. The municipality will develop a mechanism or system of ensuring that public comments are incorporated into the draft system.

6.5. Adoption of the System

Following incorporation of the public comments into the draft system the PMS Task Team will prepare the final draft for submission to Council. Council will adopt the system when it is satisfied that the process is handled in accordance with the legislation, especially the regulations governing the nature of the system.

Performance Management Regulations (Chapter 3, Regulation 8) requires that – a performance management system must be adopted before or at the same time as the commencement by the municipality of the process of setting key performance indicators and targets in accordance with the its integrated development plan.

7. IMPLEMENTING THE PERFORMANCE MANAGEMENT SYSTEM

7.1. Identification of Priority Issues

The IDP process and the performance management process are seamlessly integrated. The IDP fulfils the planning stage of Performance Management and Performance Management fulfils the implementation management, monitoring and evaluation of the IDP process.

The IDP will identify a set of service delivery priorities and objectives, a set of internal transformation strategies, identified projects that contribute to the achievement of the above objectives and a financial plan. These priorities are essentially the issues that a municipality pronounces to focus on in order of importance to address the needs of the community.

Priorities will be clustered into the following key performance areas, which represent the broad development mandate of local government:

(a) Basic Service Delivery;
(b) Local Economic Development;
(c) Municipal Institutional Development and Transformation;
(d) Municipal Financial Viability and Management; and
(e) Good Governance and Public Participation.

7.2. Developing Strategic Objectives

After identifying priorities for the year, Council will identify areas of focus or strategic themes for community needs. Council will have to agree on the strategic objectives and goals on the key focus areas. Council will also establish priorities and identify priority initiatives. The development of objectives will be clustered into key performance areas identified above. Once Council has set the strategy or game plan for the year, staff shall begin to work on the plans to implement the strategy.

This process ensures that all components of the IDP are translated into a set of clear and tangible objectives. The PMS Task Team will facilitate the processes of ensuring that the statement of objectives is realistic, tangible, measurable and unambiguous. In setting objectives, the municipality will:

(a) Carefully consider the results desired
(b) Review the precise wording and intention of the objective
(c) Avoid overly broad results statements
(d) Be clear about the scope and nature of change desired
(e) Ensure that objectives are outcome and impact focused

7.3. Development of Performance Measures

The Local Government: Municipal Systems Act requires municipalities as part of the developing PMS to define performance measures or key performance indicators in terms of input, output and outcome measurements. The development of performance measures forms the basis for establishing a standard system on monitoring and reporting. In this instance, key performance indicators will be important for:

(a) Providing a common framework for data gathering, measuring, and reporting;
(b) Creating synergy across the various Strategic Business Units and Departments;
(c) Ensuring standardisation of a feedback mechanism in planning and implementation;
(d) Assisting in the policy and programmatic review process; and
(e) Focusing the organisation on strategic and priority areas.

In identifying indicators, the municipality will consider the priorities and objectives set in the IDP. In setting key performance indicators, the municipality will ensure that communities are involved through the IDP structures. Key Performance Indicators will be set for all administrative units and employees as well as every municipal entity and service provider with whom the municipality enters into a service delivery agreement.

The municipality will develop the following types of indicators according to the Performance Management Regulations (Chapter 3) Regulation 9: *Setting Key Performance Indicators*. Indicators or performance measures will be developed in respect of each of the development priorities and objects referred to in section 26(c) of the Municipal Systems Act, (Act no. 32 of 2000).

- *Baseline indicators:* These indicators will measure conditions before a project or programme is implemented.
- *Input Indicators:* These indicators will measure what it will cost the municipality to purchase the essentials for producing desired outputs (economy), and whether the municipality achieves more with less, in resources terms (efficiency) without compromising quality. The economy indicators may be the amount of time, money or number of people it takes the municipality to deliver a service.
- *Output Indicators:* These indicators will measure whether a set of activities or processes yields the desired products – effectiveness indicators (usually expressed

in quantitative terms). These indicators will relate to programme activities or processes.

- *Outcome Indicators:* These indicators will measure the quality as well as the impact of the products in terms of the achievement of the overall objectives. In terms of quality, they will measure whether the products meet the set standards in terms of the perceptions of the beneficiaries of the service rendered. In terms of impact, they will measure the net effect of the products or services on the overall objective. Outcome indicators will relate to priority issues or programme objectives.

The municipality's PMS will incorporate the General Key Performance Indicators as prescribed in terms of Section 43 of the Municipal Systems Act, (Act no. 32 of 2000) and Performance Management Regulations, Regulation 10: General Key Performance Indicators.

The General Key Performance Indicators are:

- Percentage of households with access to basic level of water, sanitation, electricity and solid waste removal
- Percentage of households earning less than R1100 per month with access to free basic services
- Percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's Integrated Development Plan
- Number of jobs created through municipality's local economic development initiatives including capital projects
- Number of people from Employment Equity target groups employed in the three highest levels of management in compliance with the municipality's approved Employment Equity Plan.
- The percentage of a municipality's budget actually spent on implementing its Workplace Skills Plan
- Financial viability: Debt Coverage; Cost Coverage and Service Debtors to Revenue

7.4. Setting Performance Targets

According to Performance Management Regulations (Chapter 3, Regulation 12) A municipality must, for each financial year set performance targets for each of the key performance indicators set by it. A performance target set in terms of sub-regulation (1) must be practical and realistic. It must measure the efficiency, effectiveness, quality and impact of the performance of the municipality. It must also identify administrative components, structures, bodies or persons for whom a target has been set.

Performance targets are the planned level of performance or the milestones that the municipality will set for itself for each indicator identified. The municipality will identify baseline targets for each indicator at the start of the period. In setting targets, it is important to know how the organisation is performing at the current moment.

The PMS Task Team, through consultation with all stakeholders, will facilitate a process of ensuring that the targets are realistic, measurable, commensurate with available resources, and

capacity. The municipality's political leadership will give a clear direction on the targets in order to address the expectations of public needs. Targets will be informed by the development needs of communities and the development priorities of the municipality identified during the integrated development planning process.

Line managers need to advise as to what a realistic and achievable commitment for a target is, given the available resources and capacity. Managers will need to advise on seasonal changes and other externalities that should be considered in the process of target setting.

7.5. Review of Performance Measures and Targets

The municipality will review its key performance indicators and targets annually as part of the performance review process referred to in Regulation 13 of the Performance Management Regulations. Whenever the municipality amends its Integrated Development Plan in terms of Section 34 of the Act, the municipality will, as part of the process referred to in Regulation 3, review those key performance indicators that will be affected by such an amendment.

Each indicator in the Institutional and Department Balanced Scorecard will require a responsible official to be designated. The official will be responsible for conducting measurements of that indicator, analysing and reporting these for reviews. Analysis requires that line managers compare current performance with targets, past performance and possibly the performance of other municipalities, where data is available, to determine whether or not performance is poor.

7.6. Developing a Monitoring Framework (Measuring Performance)

Thaba Chweu Local Municipality will, after consultation with its stakeholders, develop and implement mechanisms, systems and processes for the monitoring, measurement and review of performance in respect of the performance indicators and performance targets set by it. The mechanisms, systems and processes for monitoring will provide for reporting to the municipal council at least twice a year; be designed in a manner that enables the municipality to detect early indications of under-performance and should provide for corrective measures where under-performance has been identified.

Performance monitoring will be an ongoing process running parallel to the implementation of the IDP. For each year, a Service Delivery and Budget Implementation Plan (SDBIP) will be developed based on the IDP. The Service Delivery and Budget Implementation Plan will clearly spell out, in a format provided by the National Treasury, municipal priorities, strategic objectives, measurable outputs and targets, and a set of activities to achieve priorities, objectives and outputs contained in the IDP.

The following constitute the monitoring framework for Thaba Chweu Local Municipality:

- Role players in monitoring and measuring the municipality's performance
- Allocation of specific tasks to the gathering of data and submission of reports
- Determining the data that must be collected in order to assess performance, how that data is to be collected, stored, verified and analysed and how reports on that data are to be compiled
- Providing for reporting to the municipal council at least twice a year
- Be designed in a manner that enables the municipality to detect early indications of under-performance (organisational and employee performance management)

- Providing for corrective measures where under-performance has been identified (organisational and employee performance management)
- Comparing current performance with performance during the previous financial year and baseline indicators

7.7. Using The Performance Management Model (Monitoring Framework)

Thaba Chweu Local Municipality will use the Balanced Scorecard for measurement and measuring the implementation of the IDP. The Balanced Scorecard will provide a performance measurement framework and by its design, will enable the municipality to analyse data for its monitoring mechanism. The metrics system of the Balanced Scorecard is expected to provide the municipality with measurement that is time-specific, source-specific, valid, reliable, clear and accurate.

Performance measures or indicators will be cascaded to the relevant levels of management that will be responsible for achieving specific performance measures or indicators. The Municipal Manager will manage performance measures or indicators in the IDP centrally. It is important that line managers see measurement and reporting as central to their management duties.

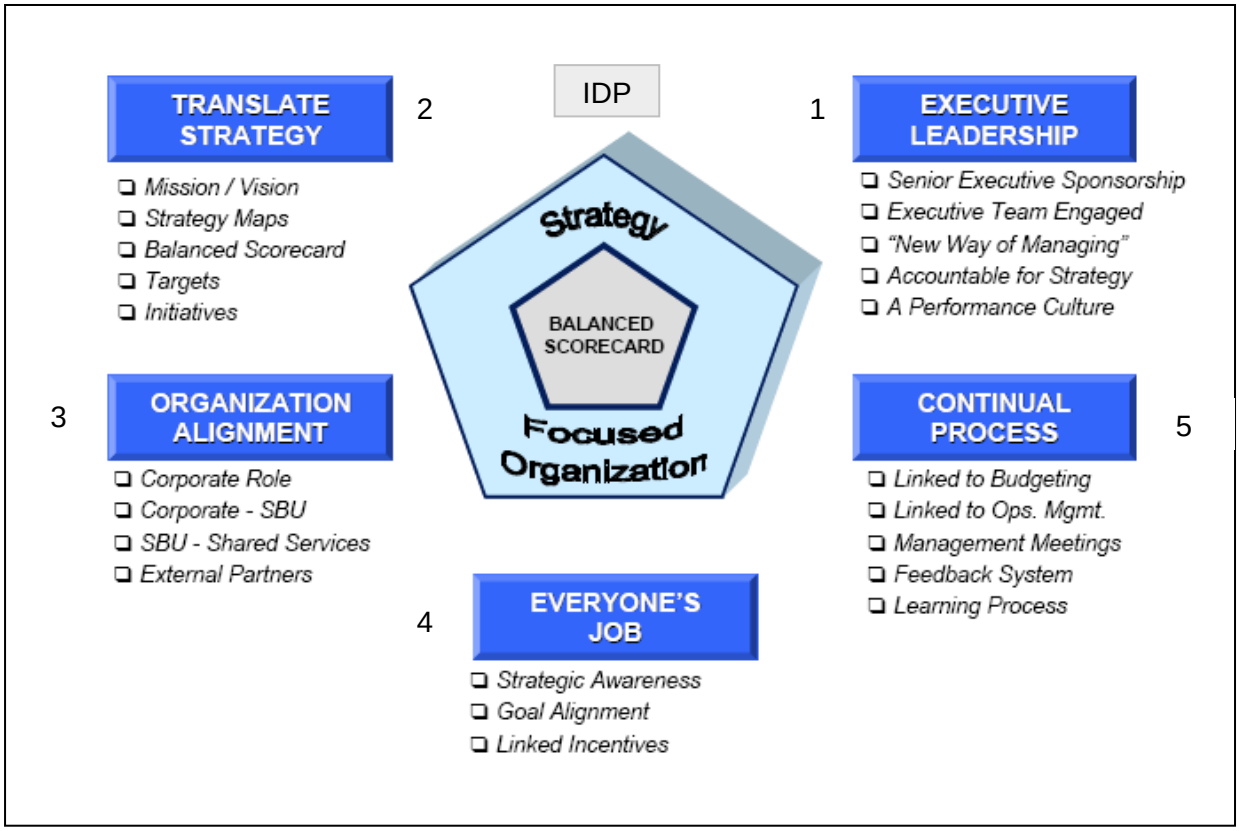
The Balanced Scorecard fulfils the following requirements for developing a PMS:

- It fully integrates with the IDP as the IDP provides the basic framework of performance expectations.
- Key performance indicators (KPI) and targets set for each priority area & objective in the IDP & for national GKPIs can be mapped into the Balanced Scorecard.
- The metrics system of the Balanced Scorecard caters for performance indicators and targets in these categories: inputs, outputs and outcomes.
- The involvement of communities and other key stakeholders in planning, monitoring, measuring and evaluating performance is not optional.
- Is a tool that promotes accountability through a process of cascading the system from organisational level strategy to individual performance measurement.
- Is a proven tool that creates synergy and enables alignment of priorities & coherent reporting.

The benefits and value of the using the Balanced Scorecard by the municipality are that:

- Integration of perspectives enables a more holistic assessment of performance (the whole picture is necessary all the time to get a strategic sense of how the municipality will be performing – from each perspective simultaneously – and enables strategic management).
- Has a strong emphasis on learning and development (continuous learning).
- Clearly links planning, measurement and strategy management.
- The links between perspectives can be used to diagnose performance problems.
- Can form the basis for staff and organisational performance management.
- Simplifies long lists of indicators by organising them into a set of categories chosen to sufficiently represent effective performance.

The Balanced Scorecard design process for the municipality will follow key principles shown in the figure below:



8. PERFORMANCE MANAGEMENT MONITORING AND REVIEW

8.1. Planning Cycle of The PMS

The planning cycle of the performance management system will run at the same time of the integrated development planning process and the development of the SDBIP. Timeframes will be according to the adopted IDP process plan for the year.

8.2. PMS Implementation and Review

The Municipal Manager and the PMS Task Team will coordinate the implementation of the Performance Management System. In ensuring that the review process is carried out, Senior Managers will constantly monitor and assess performance targets (using the provided templates developed by the PMS Manager). This will be done to ensure that:

(a) There is a proactive identification of structural constraints and trends of underperformance, and develop alternative courses of actions to remedy the situation;
(b) Coordinate the quality of performance reports submitted to council, communities and other appropriate state organs.

8.3. Institutional Review Mechanism

The municipality will establish performance review processes and structures in order to ensure that the performance of the municipality is appropriately reviewed.

REVIEW MECHANISM	
WHO	**REQUIRED**
Community/Public	Will review the performance of the municipality and public representatives as per the process plan of the municipality
Council	Will review the performance of the mayoral committee, portfolio committees and the administration on quarterly and annual basis
Mayoral Committee	Will review the performance of the administration on a quarterly basis and the performance of the municipal manager on an annual basis
Municipal Manager	Will review the performance of heads of strategic business units both quarterly and annually, and constantly review the overall administration on a monthly and quarterly basis, and remain accountable for reporting on performance
Heads of Departments	Will review the performance of managers reporting directly to them on a monthly, quarterly and basis before reporting to Council
Supervisors	Will review performance of individual or groups of employees reporting directly to them
Standing/Portfolio Committees	Will review performance of the organisational priorities that lie within their portfolio monthly, while maintaining a strategic role

8.4. Approach to Performance Management System Review

Performance review is a process where the municipality, after measuring its own performance, assesses whether it is doing the right thing. The PMS Task Team will facilitate the analysis of performance across the organisation in terms of all the priorities for the period and provide an interpretation of the measurements to determine whether targets have been met and exceeded and projections on whether future targets will be met. Where targets are not being met, the analysis will require that the reasons be examined and corrective action recommended.

It is crucial that line managers also continuously analyse the measurements in their control since they are best placed, and have an in-depth understanding of their department, to analyse whether targets are met currently, and will be met in the future, what the contributing factors are to the level of performance and what remedial action needs to be taken.

- The first method to conduct performance reviews is to look at whether the current level of performance is better than that of the previous year, using baseline indicators.
- The second method is to look at the municipality's performance by comparison with other similar ones, by way of a benchmarking exercise.

- The third method is to look at what the people think about the performance of the municipality across the range of services, by way of customer surveys or other community feedback mechanisms.

This review approach is consistent with the “best value” review framework of challenge, compare, consult and compete. The framework calls for the municipality to challenge the current level of performance, compare it to others, consult with the customers or communities and find ways of competing with others to provide best value in service delivery.

8.5. Improving Performance

The municipality will constantly improve good or excellent performance. Poor performance needs to be improved as a priority. In order to do this, it is important that the causal and contributing reasons for poor performance be analysed. Performance analysis is going to be performed in order to identify poor performance. The Municipal Manager will implement the appropriate response strategy to improve performance.

The following table shows some of the potential areas of poor performance and the corrective strategy that the municipality will consider to remedy the situation.

AREA OF POOR PERFORMANCE	STRATEGY
Poor systems and processes	Systems and process improvement initiative
Inappropriate structures to deliver services	Organisational restructuring
Inappropriate organisational culture	Change management and continuous education
Absence of appropriate strategy	Revision of strategy by management
Lack of skills and capacity	Training and outsourcing additional capacity

8.6. Reporting on Performance

In order to comply with the provisions of the Local Government: Municipal Systems Act (2000) and thereby entrenching a culture of public accountability as encapsulated in the Systems Act, the Municipal Manager will compile and submit a performance report to the Executive Mayor on a quarterly basis, for submission to Council.

The Executive Mayor assisted by the municipal manager will convene quarterly performance review meetings to be attended by the Mayoral Committee. During the quarterly review meetings, Departments will present reports reflecting progress made towards achieving quarterly targets as well as outlining activities for the remaining year. The quarterly review will serve as the basis for the compilation of the annual performance report to be submitted to – (a) council, the MEC responsible for local government.

The annual performance report will form the basis for the formulation of the Service Delivery and Budget Implementation Plan for the incoming annual cycle. Significantly, the annual report will also serve as a performance linkage between quarterly reports.

PERFORMANCE REPORTING	ACCOUNTABLE TO	PERIOD
Minister for Provincial and Local Government	Parliament and Public	Annually
Provincial MEC for Local Government	Minister for Provincial and Local Government; National Council of Provinces; Provincial Legislature and Public	Annually
Council (including Ward Committees)	Provincial MEC of Local Government and Public	Bi-annually, Annually
Municipality	Citizens and Communities	Bi-annually, Annually
Executive Committee	Council	Bi-annually, Annually
Administration	Executive Committee / Executive Mayor	Monthly, Quarterly, Annually
Line/Functional/ Sectoral Managers	Executive Management (Municipal Manager; Standing / Portfolio Committees	Monthly, Quarterly, Annually
Employees	Municipality	Monthly, Quarterly

8.7. Publication of Performance Reports

The municipality will publish a technical and popular performance report. The annual report is required by legislation and will be made available to the public. The municipality will frequently inform stakeholders of its performance, depending on resources and capacity through accessible media means and other forms.

To ensure that the reporting process runs smoothly and effectively, the PMS Task Team will manage the processes centrally to communicate timeframes of all reporting processes for the year, track and monitor reporting processes and analyse performance reports at the organisational level.

The following are the key elements that will appear in the reporting framework:

REPORTING ELEMENT	DESCRIPTION
Key Performance Area	These will be according to the broad mandate of local government (page…)
Priority Issues	As identified through consultation with relevant service recipients
Strategic Objective	The aim of the municipality within the defined priority issue and KPA as related to the specific service to be delivered
Baseline Indicator	Estimate current level or measure of the situation
Performance Measures or key performance indicators	Quantifiable and qualitative measures showing where performance currently is in relation to the baseline and target

Measurement source & frequency	Source and frequency of where data will be gathered for monitoring performance at the organisational level
Target date or period	Period in which service will be delivered
Budget/Budget Estimate	Current budget as allocated on the IDP for a specific objective
Performance against target	Quantifiable level that indicates how the current quantifiable measure compare with the set quantifiable targets for the period
Beneficiaries	Cleared defined groups or communities that will benefit from the project or programme

8.8. Public Feedback and Hearings

Public feedback on reported performance will be obtained through ongoing awareness performance reporting programmes, where feedback will be gathered in the most suitable form. The public will also be encouraged to provide feedback by calling into the municipality and using feedback boxes. Public hearings will be held every mid-term and during the annual IDP review to report to communities on municipal performance.

8.9. Using the Performance Audits Mechanism

In order for the Performance Management System to enjoy credibility and legitimacy from the public and other stakeholders, performance reports will be audited. Audits should ensure that reported performance information is accurate, valid and reliable.

- Legal Requirements

According to the Municipal Systems Act, the annual performance report must be audited internally, before being tabled and made public. The Auditor General will also audit the municipality's annual performance report after being reviewed by the Council, and thereafter be submitted to the MEC for local government in the province. The MEC is required to complete a consolidated annual report of the performance of all municipalities in the province, identifying poor performing municipalities and proposing remedial action. The MEC must then submit it to the National Minister. The National Minister will present a consolidated report to Parliament.

- Internal Audits

Performance Management Regulations (Chapter 3, Regulation 14): states that a municipality must develop and implement mechanisms, systems and processes for auditing the results of performance measurements as part of its internal auditing processes.

The municipality's performance audits will include assessments of the following:

a. The functionality of the municipality's performance management system
b. Whether the municipality's performance system complies with the Act

c. The extent to which the municipality's performance measurements are reliable in measuring performance of municipalities on the set indicators

- Performance Audit Committee

The municipality will on an annual basis appoint and budget for a performance audit committee consisting of at least three members, the majority of which will not be involved in the municipality as councillors or employees. This will increase the credibility and legitimacy of the performance reports and the audit process.

The performance audit committee will include at least one person who is knowledgeable in performance management. The municipality may utilise any audit committee established in terms of other applicable legislation as the envisaged performance audit committee. The Council of the Municipality might designate a member of the performance audit committee who is not a councillor or an employee of the municipality as Chairperson of the Committee.

If the chairperson of the performance audit committee is absent from a specific meeting of the committee, the members present must elect a chairperson to act for that meeting. In the event of a vacancy occurring amongst the members of the performance audit committee, the Thaba Chweu Local Municipality will fill that vacancy for the unexpired portion of the vacating member's term of appointment.

The municipality will provide secretariat services for its performance audit committee. A member of the performance audit committee who is not a councillor or an employee of the municipality may be remunerated taking into account the tariffs determined by the South African Institute of Chartered Accountants in consultation with the Auditor General.

The performance audit committee will meet at least twice during the financial year of the municipality. Any member thereof may call a special meeting of the performance audit committee. The performance audit committee may determine its own procedures after consultation with the executive mayor or the executive committee of the municipality as the case may be.

The performance audit committee will:

- Review the quarterly reports submitted to it in terms of performance management regulations sub-regulation (1)(c)(ii);
- Review the municipality's performance management system and make recommendations in this regard to the council of that municipality; and
- At least twice during a financial year, submit an audit report to the municipal council concerned.

In reviewing the municipality's performance and the management thereof, the performance audit committee will focus on economy, efficiency, and effectiveness and impact as per key performance indicators and performance targets set by the municipality are concerned.

The performance audit committee may:

- Communicate directly with the council, municipal manager or the internal and external auditors of the municipality concerned.

- Access any municipality records containing information that is needed to perform its duties or exercise its powers.
- Request any relevant person to attend any of its meetings, and, if necessary, to provide information requested by the committee; and
- Investigate any matter it deems necessary for the performance of its duties and the exercise of its powers.

9. INDIVIDUAL OR EMPLOYEE PERFORMANCE MANAGEMENT

The performance of an organisation is integrally linked to that of staff. If employees do not perform, an organization will fail. It is therefore important to manage both at the same time. The relationship between organization performance and employee performance starts from planning, implementation, monitoring and review.

9.1. Planning

The PMS yields a set of indicators and targets. These become an undertaking of the municipality to the community. These should however be incorporated into the Municipal Manager's performance agreement, as he/she is responsible for the implementation of the PMS. The Municipal Manager may take relevant indicators to departments concerned. These indicators would then become the indicators and targets of the Head of the Department to be incorporated in the performance agreement. The head may cascade the indicators and targets to lower levels in line with the scope of responsibilities at that level.

9.2. Implementation and Monitoring

When projects and programmes are implemented, the Municipal Manager needs to set up a framework to track performance of all managers who would in turn do the same for lower level staff. The framework, in terms of employee performance management, should clarify the following:

- Targets for all levels in the organization.
- Methods for tracking performance.
- Intervals for reporting.
- Lines of accountability.
- Institutional arrangements

The Municipal Manager must, within the parameters of an employee performance management system, set up a framework for performance reviews of staff. The framework, in terms of employee performance management, should clarify the following:

- Areas of performance to be reviewed flowing from IDP.
- Review methods to be used.
- Review intervals.

The municipal manager as the head of the administration will also compile executive strategic reports that capture the strategic thrust and executive synopsis of the implementation progress. The executive report will provide information on:

- Policy and legislative trends;
- Institutional trends;
- Financial information and budget;
- Capital projects; and
- Implementation challenges**.**

9.3. Performance Management For Senior Managers

Section 57 (1)(b), (4A), and (5) of the Local Government: Municipal Systems Act requires the municipal manager and managers reporting directly to the municipal managers to enter into performance agreement. A performance agreement is an agreement between an employer and the employee that – (a) outlines employers expectations of the employee's performance and (b) establishes procedures for assessment of the employee' performance against agreed criteria. In order to comply with the Systems Act and the Regulations all Section 57 employees will be required to enter into performance agreements.

9.3.1. Performance Agreements

The performance regulations require Section 57 managers to enter into Performance Agreements with the municipality. These Performance Agreements define the municipality's performance expectations of Section 57 managers. Significantly the performance plans which integral part of the Performance Agreement are informed by institutional outputs and targets as captured in the municipality's Integrated Development Plan (IDP) and top layer and bottom layer (technical) Service Delivery and Budget Implementation Plan (SDBIP).

(a) Performance Agreement between the Municipal Manager and the Municipality

The municipal manger as the head of the administration will annually enter into a performance agreement with the municipality (represented by the E/mayor).

(b) Performance Agreement between managers directly accountable to the Municipal Manager and the municipality

Manager directly accountable to the municipal manager will enter into performance agreement with the municipality (represented by the municipal manager).

(c) Significance of a Performance Agreement

The performance agreements to be entered into by Section 57 employees will:

- Specify accountabilities as set out in the performance plan;
- Monitor and measure performance against targeted outputs;
- Establish a transparent and accountable working relationship; and
- Assess compliance with performance expectations.

(d) Commencement and duration of the Performance Agreement

Section 57 employees will enter into performance agreement each financial year. The agreements must be concluded within ninety (90) days of the beginning of the financial year. The

parties to the performance agreement will review the provisions of annually (during the month of June).

The revised performance agreement will replace the previous agreement after the commencement of the new financial year. The performance agreement will terminate on the employee's contract of employment on the reasons contemplated therein.

(e) Components of the Performance Agreement

The performance agreements to be entered into by Section 57 employees and the municipality will consist of the following components:

- Performance Plan (PP)
- Core Competency Requirements (CCRs)
- Performance Evaluation System (PES)
- Personal Development Plan (PDP)

9.3.2. Performance Plan

The Performance Plan is a strategic management tool that will enable the municipality to assess the performance of Section 57 employees in an objective and fair manner. Essentially the Performance Plan in the agreement will describe:

(a) The areas of work for which the employee is responsible for (KPA);
(b) The main tasks to be performed within a KPA (key objectives); and
(c) Indicators against which the employee's performance will be assessed (KPIs) and their weightings.

Key Performance Areas for Municipal Managers	Weighting
Basic Service Delivery	
Municipal Institutional Development and Transformation	
Local Economic Development	
Municipal Financial Viability and Management	
Good Government and Public Participation	
Total	100%

9.3.3. Core Competency Requirements

The regulations applicable to Section 57 Managers require that performance of Section 57 Managers be assessed in terms of Core Competency Requirements. These competencies describe general managerial and occupational skills. The assessment of these competencies will account for twenty (20) percent of the total assessment score.

9.3.4. Performance Evaluation System

The criteria upon which the performance of Section 57 Managers will be assessed consist of two (2) components:

(a) the performance will be assessed against KPAs which counts for 80% of the total assessment;
(b) the performance will be assessed against Core Competency Requirements which counts for 20 % of the assessment.

Section 57 employees will be assessed on the extent to which objectives under each KPA have been achieved. A score of 1 to 5 should be allocated to each KPA (depending on extend to which the objectives have been achieved). The detailed description of the rating levels is contained in Section 27(4) of the Regulations.

9.3.5. Performance Bonus

The municipality will pay performance bonuses ranging from 5 – 14% in recognition of employee outstanding performance. In this regard, a performance bonus of 5 - 9% will be due to a Section 57 Employee who achieves a score of 130 to 149 and 10% - 14% for a score of 150 and above. The municipality will only pay performance bonuses to employees that completed an **assessment period of 12 months**.

9.3.6. Performance Reviews

The performance reviews of Section 57 Employees will be conducted on a quarterly basis. These reviews will culminate into an annual performance appraisal.

9.3.7. Management of Evaluation Outcomes

The evaluation of an employee's performance will form the basis for:

(a) Rewarding outstanding performance; and
(b) Correcting unsatisfactory performance.

In the case of unsatisfactory performance, the municipality shall provide systematic remedial or developmental support to assist the employee to improve his/her performance.

9.3.8. Personal Development Plan

The Local Government: Municipal Performance Regulations for Managers directly accountable to Municipal Managers require that, as part of the performance agreement, a Personal Development Plan should be developed. The Human Resources Section will provide the template for developing the PDP to be included in the performance agreement.

9.4. Performance Management For Employees

Although the cascading of performance management to all employees is not required in terms of the current legal framework, the Municipality will roll-out this system for all employees to ensure the strategic alignment and focus of the activities of all employees on the strategy and mission of

the institution. This approach is supported by the political leadership as well as the broader staff complement.

9.4.1. Performance Agreements

Members of staff will be required to enter into Performance Agreements with the municipality (represented by the Municipal Manager), which will define the municipality's performance expectations of employees. Significantly the performance plans, which forms and integral part of the Performance Agreement, are informed by institutional outputs and targets as captured in the municipality's Integrated Development Plan (IDP) and top layer and bottom layer (technical) Service Delivery and Budget Implementation Plan (SDBIP) ssignificance of the performance Agreement.

The performance agreements to be entered into by all employees will:

- Specify accountabilities as set out in the performance plan;
- Monitor and measure performance against targeted outputs;
- Establish a transparent and accountable working relationship; and
- Assess compliance with performance expectations.

Commencement and duration of the Performance Agreement Performance agreements will be entered into each financial year. The agreements must be concluded within ninety (90) days of the beginning of the financial year. The parties to the performance agreement will review the provisions of agreements annually (during the month of June).

The revised performance agreement will replace the previous agreement after the commencement of the new financial year. The performance agreement will terminate on the employee's contract of employment on the reasons contemplated therein.

Components of the Performance Agreement:

The performance agreements to be entered into by employees and the municipality will consist of the following components:

- Performance Plan (PP)
- Core Competency Requirements (CCRs)
- Performance Evaluation System (PES)
- Personal Development Plan (PDP)

9.4.2. Performance Plan

The Performance Plan is a strategic management tool that will enable the municipality to assess the performance of employees in an objective and fair manner. Essentially the Performance Plan in the agreement will describe:

(a) The areas of work for which the employee is responsible for (KPA);
(b) The main tasks to be performed within a KPA (key objectives); and
(c) Indicators against which the employee's performance will be assessed (KPIs) and their weightings.

Key Performance Areas for Municipal Managers	Weighting
Basic Service Delivery	
Municipal Institutional Development and Transformation	
Local Economic Development	
Municipal Financial Viability and Management	
Good Government and Public Participation	
Total	100%

9.4.3. Core Competency Requirements

These competencies describe general and occupational skills, knowledge and behaviour required by employees. The assessment of these competencies will account for twenty (20) percent of the total assessment score.

9.4.4. Performance Evaluation System

The criteria upon which the performance of employees will be assessed consist of two (2) components:

(a) the performance will be assessed against KPAs which counts for 80% of the total assessment;
(b) the performance will be assessed against Core Competency Requirements which counts for 20 % of the assessment.

Employees will be assessed on the extent to which objectives under each KPA have been achieved. A score of 1 to 5 should be allocated to each KPA (depending on extend to which the objectives have been achieved). The detailed description of the rating levels is contained in Section 27(4) of the Regulations.

9.4.5. Performance Reward

The municipality will pay performance rewards as per the Rewards and Incentives Policy. Performance rewards will only be paid to employees who completed an **assessment period of 12 months.**

9.4.6. Performance Reviews

The performance reviews of employees will be conducted on a quarterly basis. These reviews will culminate into an annual performance appraisal.

9.4.7. Management of Evaluation Outcomes

The evaluation of an employee's performance will form the basis for rewarding outstanding performance and correcting unsatisfactory performance.

In the case of unsatisfactory performance, the municipality shall provide systematic remedial or developmental support to assist the employee to improve his/her performance.

9.4.8. Personal Development Plan

As part of the performance agreement, a Personal Development Plan should be developed for each and every employee. The Human Resources Section will provide the template for developing the PDP to be included in the performance agreement.

10. CONCLUSION

Performance management is a process which stretches right through the organisation, from its vision and mission statement, to its objectives and eventually its staff. It applies to the performance of an organisation as well as to all employees within it. The White Paper on Local Government (1998) states that key mechanisms to ensuring service excellence in municipalities include integrated development planning, performance management and community participation.

The performance management system sets out a set of principles and procedures for the municipality for better accountability and institution development progress realisation. It becomes important that an institution abide to this policy not only for monitoring purposes but for an overall institutional development and improvements.